

Virginia Department of Mines, Minerals and Energy

Virginia Gas and Oil Board

Minutes and results of hearing, November 16, 2004

Board members present: Ms. Barber, Mr. Brent, Mr. Garbis, Mr. McIntyre, Mr. Ratliff

The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tracts 3, 5, 7 and 8, Unit T-16, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-94-1024-0476-01. Continued from October.

Owners with conflicting claims to coalbed gas in the T-16 unit have reached an agreement to split escrowed funds and future revenues. The petition seeks disbursement of escrowed funds and authorization of direct payment of future revenues according to the agreement. Continued to December hearing.

The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 2, Unit T-15, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-92-1215-0306-01. Continued from October.

Owners with conflicting claims to coalbed gas in the T-15 unit have reached an agreement to split escrowed funds and future revenues. The petition seeks disbursement of escrowed funds and authorization of direct payment of future revenues according to the agreement. Continued to December hearing.

The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 2B & 2C, Unit AA-9, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-91-0430-0116-01. Continued from October.

Owners with conflicting claims to coalbed gas in the AA-9 unit have reached an agreement to split escrowed funds and future revenues. The petition seeks disbursement of escrowed funds and authorization of direct payment of future revenues according to the agreement. The requests for disbursement of funds and direct payment of future revenues were approved and are effective December 1, 2004.

The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 2C, Unit BB-8, Prater & Hurricane Districts, Buchanan County, Virginia. Docket Number VGOB-90-1010-0033-02. Continued from October.

Owners with conflicting claims to coalbed gas in the BB-8 unit have reached an agreement to split escrowed funds and future revenues. The petition seeks disbursement of escrowed funds and authorization of direct payment of future revenues according to the agreement. The requests for disbursement of funds and direct payment of future revenues were approved and are effective December 1, 2004.

The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 1B, Unit AA-8, Prater & Hurricane Districts, Buchanan County, Virginia. Docket Number VGOB-90-1010-0032-02. Continued from October.

Owners with conflicting claims to coalbed gas in the AA-8 unit have reached an agreement to split escrowed funds and future revenues. The petition seeks disbursement of escrowed funds and authorization of direct payment of future revenues according to the agreement. The requests for disbursement of funds and direct payment of future revenues were approved and are effective December 1, 2004.

The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane

unit AX-99, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-04-1116-1358.

In the AX-99 unit, the applicant controls 99.5% of the coal interests and 77.5% of the gas interests, and seeks to pool the remaining 0.5% of the coal interests and 1.5% of the gas interests. Unleased coal acreage subject to pooling totals 0.3 net acres in one tract with 84 unleased owners, and gas acreage subject to pooling totals 13.2 net acres in four tracts with 89 unleased owners. There are conflicting claimants and unlocated owners subject to escrow, and conflicting claimants subject to existing royalty split agreements. A permit to drill was issued on 6/23/03, and a well has been drilled and completed. Pooling was approved.

The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AZ-121, New Garden District, Russell County, Virginia. Docket Number VGOB-04-1116-1359.

In the AZ-121 unit, the applicant controls 94.6% of the coal interests and 41.4% of the gas interests, and seeks to pool the remaining 5.4% of the coal interests and 58.6% of the gas interests. Unleased coal acreage subject to pooling totals 3.15 net acres in one tract with 46 unleased potential owners, and gas acreage subject to pooling totals 34.4 net acres in nine tracts with 53 unleased potential owners. There are conflicting claimants and unlocated owners subject to escrow, and conflicting claimants subject to existing royalty split agreements. A permit to drill was issued on 2/5/04, and a well has been drilled and completed. . Pooling was approved.

The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BA-107, New Garden District, Russell County, Virginia. Docket Number VGOB-04-1116-1360.

In the BA-107 unit, the operator controls 98.6% of the coal and gas interests, and seeks to pool the remaining 1.2% of the interests. Unleased acreage subject to pooling totals 0.8 net acres in three tracts with three unleased owner. There are conflicting claimants subject to escrow. A permit to drill was issued on 5/28/04 and a well has been drilled and completed. . Pooling was approved.

The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 1A, Unit FF-25, Hurricane and New Garden Districts, Buchanan and Russell Counties, Virginia. Docket Number VGOB-00-1017-0831-01.

Owners with conflicting claims to coalbed gas in the FF-25 unit have reached an agreement to split escrowed funds and future revenues. The petition seeks disbursement of escrowed funds and authorization of direct payment of future revenues according to the agreement. The requests for disbursement of funds and direct payment of future revenues were approved and are effective December 1, 2004.

The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 1A, Unit FF-24, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-00-1017-0830-01.

Owners with conflicting claims to coalbed gas in the FF-24 unit have reached an agreement to split escrowed funds and future revenues. The petition seeks disbursement of escrowed funds and authorization of direct payment of future revenues according to the agreement. The requests for disbursement of funds and direct payment of future revenues were approved and are effective December 1, 2004.

The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 3, Unit DD-24, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-01-0320-0878-01.

Owners with conflicting claims to coalbed gas in the DD-24 unit have reached an agreement to split escrowed funds and future revenues. The petition seeks disbursement of escrowed funds and authorization of direct payment of future revenues according to the agreement. The requests for disbursement of funds and direct payment of future revenues were approved and are effective December 1, 2004.

The Virginia Gas and Oil Board heard a petition from Equitable Production Company for a well location exception

for proposed well V-502780, Richmond District, Wise County, Virginia. Docket Number VGOB-04-1116-1361.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 59.6 feet closer to existing Equitable gas well V-133709 than the 2500 feet mandated by spacing. The exception is needed to accommodate the coal owner and to prevent loss of resources. No permit application has been submitted. The location exception was approved.

The Virginia Gas and Oil Board heard a petition from Equitable Production Company for creation and pooling of conventional gas unit V-502726, Lipps District, Wise County, Virginia. Docket Number VGOB-04-1116-1362.

In the proposed V-502726 conventional gas unit, the applicant controls 73.8% of the oil and gas interests, and seeks to pool the remaining 26.2% of the interests. Unleased acreage subject to pooling totals 29.5 net acres in one tract owned by unknown and unlocated heirs. The unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. The unit and pooling were approved.

The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-504248, Kenady District, Dickenson County, Virginia. Docket Number VGOB-04-1116-1363.

In the VC-504248 unit, the applicant controls 100% of the coal interests and 89.1% of the gas interests, and seeks to pool the remaining 10.9% of the gas interests. Unleased gas acreage subject to pooling totals 6.4 net acres in one tract with 29 unleased owners. There are conflicting claimants and unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved.

The Virginia Gas and Oil Board heard a petition from Dart Oil & Gas Corporation for creation and pooling of conventional gas unit Johnson No. 2, Clear Fork District, Tazewell County, Virginia. Docket Number VGOB-04-1116-1364.

The petition was withdrawn by the applicant.

The deadline for filing of petitions to the Board for the December hearing is 5 p.m., Friday, November 12, 2004, with the hearing scheduled for 9 a.m. on Tuesday, December 14, 2004 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.

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